

# EXAMINER'S BANKING PRACTICES SURVEY

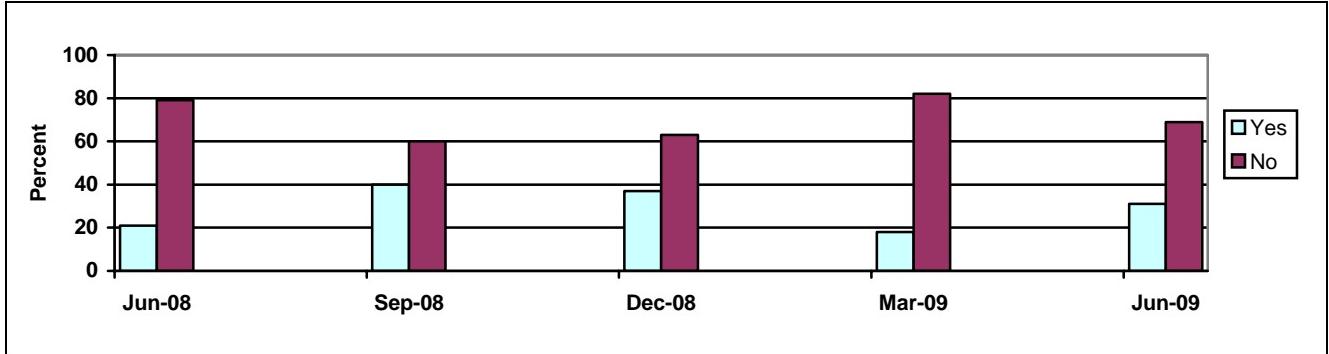
Second Quarter 2009

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2009** results are compiled from **35** responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "Significantly" means growth of 20% or more.



Of yes responses:

Loan Type	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
RE/Const/Land Devel	17%	12%	15%	16%	12%
RE/Agricultural	22%	16%	10%	16%	15%
RE/Commercial/Indust	11%	24%	35%	15%	21%
RE/Residential	17%	12%	10%	23%	12%
Agricultural	11%	12%	10%	15%	9%
Commercial/Industrial	5%	20%	15%	15%	24%
Consumer	17%	4%	5%	0%	7%

2. Is the institution active in making the following types of loans?

	Sep-08		Dec-08		Mar-09		Jun-09	
	Yes 0%	No 100%	Yes 4%	No 96%	Yes 4%	No 96%	Yes 6%	No 94%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		0%		0%		0%	
Dealer paper	0%		100%		0%		100%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		100%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

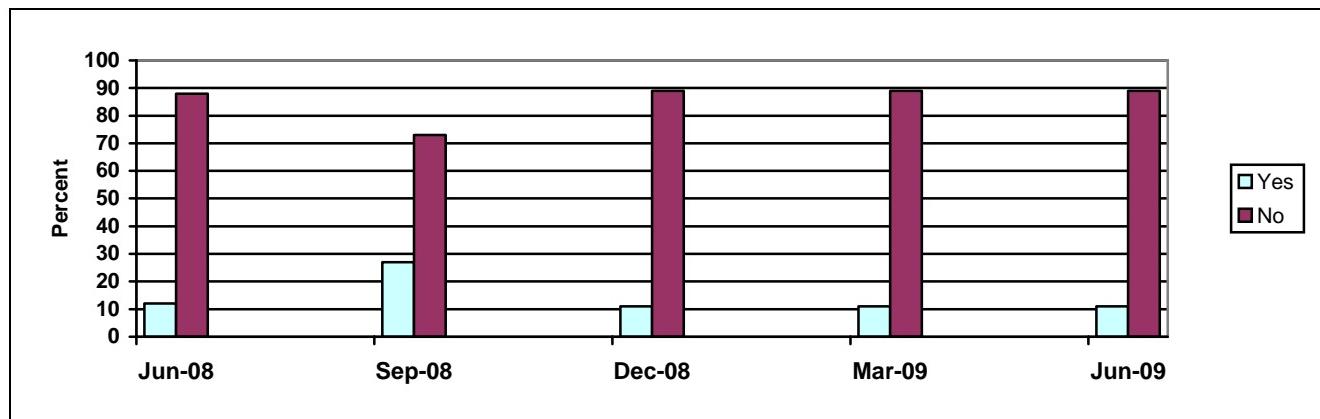
	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Yes	6%	7%	7%	0%	6%
No	94%	93%	93%	100%	94%

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4. Does the institution use credit scoring models for loan decisions?

Of Yes Responses - Loan type	Sep-08		Dec-08		Mar-09		Jun-09	
	Yes 3%	No 97%	Yes 11%	No 89%	Yes 22%	No 78%	Yes 11%	No 89%
Credit card	0%		0%		0%		14%	
Consumer	50%		44%		45%		29%	
Residential mortgage	50%		28%		36%		29%	
Small business	0%		28%		19%		21%	
Other	0%		0%		0%		7%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Making collateral based loans?	27%	38%	0%	29%	11%
Reduced collateral margins?	19%	5%	17%	0%	22%
Not requiring cash flow projections?	27%	26%	50%	29%	22%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	27%	21%	33%	42%	11%
Waiving guarantees or other documentation?	0%	5%	0%	0%	11%
Other	0%	5%	0%	0%	23%

6. Describe potential risk in current underwriting practices for:

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Agricultural Loans					
Minimal	88%	87%	93%	82%	88%
Moderate	12%	10%	7%	18%	9%
Substantial	0%	3%	0%	0%	3%
Commercial Loans					
Minimal	49%	57%	52%	48%	63%
Moderate	49%	30%	48%	44%	31%
Substantial	2%	13%	0%	8%	6%
Consumer Loans					
Minimal	79%	80%	82%	63%	83%
Moderate	21%	17%	18%	33%	14%
Substantial	0%	3%	0%	4%	3%
Residential Loans					
Minimal	70%	77%	82%	63%	80%
Moderate	27%	17%	18%	33%	20%
Substantial	3%	6%	0%	4%	0%

## Examiner's Banking Practices Survey

7. Differences between actual lending practices and written policies are:

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Agricultural Loans					
Minimal	91%	87%	93%	93%	94%
Moderate	9%	13%	7%	7%	6%
Substantial	0%	0%	0%	0%	0%
Commercial Loans					
Minimal	79%	73%	74%	74%	80%
Moderate	18%	24%	26%	19%	17%
Substantial	3%	3%	0%	7%	3%
Consumer Loans					
Minimal	94%	90%	92%	89%	94%
Moderate	6%	10%	4%	7%	6%
Substantial	0%	0%	4%	4%	0%
Residential Loans					
Minimal	85%	80%	89%	78%	91%
Moderate	15%	20%	11%	18%	6%
Substantial	0%	0%	0%	4%	3%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Carryover Debt					
Minimal	88%	87%	96%	81%	89%
Moderate	12%	13%	4%	15%	11%
Substantial	0%	0%	0%	4%	0%
Phase-out of Farm Subsidies					
Minimal	94%	93%	92%	89%	91%
Moderate	6%	7%	4%	11%	9%
Substantial	0%	0%	4%	0%	0%
Drop in Land Values					
Minimal	73%	84%	89%	67%	80%
Moderate	24%	13%	7%	26%	17%
Substantial	3%	3%	4%	7%	3%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

No. Banks with Inc/(Dec) in ratio (%)	Sep-08		Dec-08		Mar-09		Jun-09	
	+ 73%	- 27%	+ 73%	- 27%	+ 85%	- 15%	+ 74%	- 26%
Average Inc/(Dec) in Ratio	20.5	(7.7)	12.0	(9.7)	24.2	(2.1)	22.3	(9.1)
Cause of Increase								
Eased underwriting standards	6%		3%		2%		2%	
Deterioration in new loans	16%		6%		4%		8%	
Deterioration in older loans	33%		41%		39%		43%	
Participations or out-of-territory	8%		12%		11%		4%	
Economic conditions	27%		32%		33%		37%	
Changes in lending personnel	2%		0%		2%		2%	
New types of lending activity	4%		0%		2%		0%	
Other	4%		6%		7%		4%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
RE/Const/Land Development	36%	36%	60%	36%	25%
RE/Agriculture	2%	4%	1%	1%	2%
RE/Commercial/Industrial	28%	33%	16%	34%	35%
RE/Residential	9%	12%	7%	6%	15%
Agricultural	1%	1%	1%	1%	1%
Commercial/Industrial	21%	11%	14%	20%	16%
Consumer	3%	3%	1%	2%	6%

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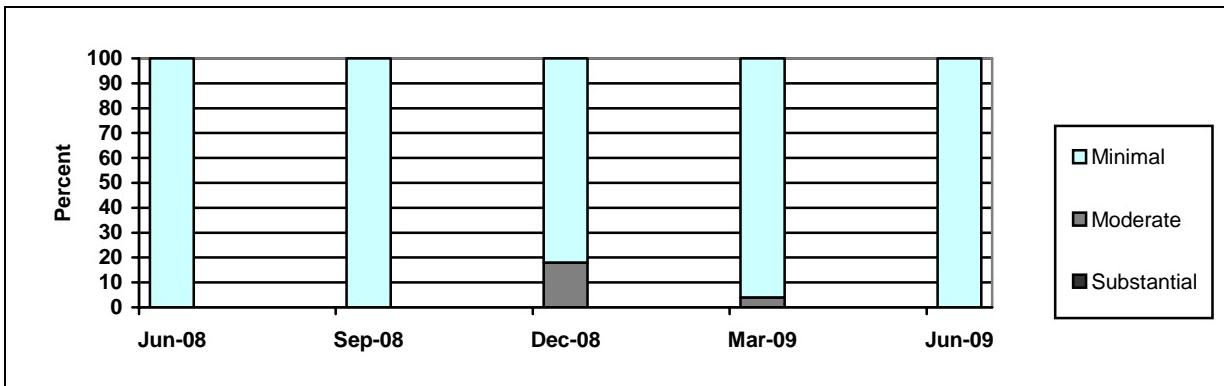
### INVESTMENTS

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11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Yes	0%	0%	4%	4%	0%
No	100%	100%	96%	96%	100%

12. Differences between actual investment practices and written policies are:



### OTHER

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13. Has the bank established a borrowing line with FHLB?

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Yes	91%	90%	74%	74%	91%
No	9%	10%	26%	26%	9%
If yes, does the bank actively borrow from the FHLB?					
Yes	80%	82%	80%	80%	78%
No	20%	18%	20%	20%	22%

14. Does the bank hold off-balance sheet derivatives?

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Yes	9%	0%	4%	4%	6%
No	91%	100%	96%	96%	94%

15. List nontraditional activity the institution is engaged in.

	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Yes	88%	87%	89%	78%	91%
No	12%	13%	11%	22%	9%
Of those that do:					
Nondeposit Investment Sales	12%	16%	20%	25%	15%
Insurance Sales	9%	6%	8%	6%	8%
Real Estate Loan Secondary Market Sales	24%	23%	24%	29%	28%
Non-transactional Web Site	12%	12%	10%	4%	12%
Transactional Web Site	41%	39%	36%	34%	37%
Other	2%	4%	2%	2%	0%